PUBLIC PRIVATE PARTNERSHIPS FOR INFRASTRUCTURE AND BUSINESS DEVELOPMENT

PRINCIPLES, PRACTICES, AND PERSPECTIVES

Edited by STEFANO CASELLI, GUIDO CORBETTA, AND VERONICAVECCHI
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Chapter 18

Public-Private Partnerships: The Case of the Agencies for Local Development

Giancarlo Canzanelli and Vincenzo Milio

18.1. The Local Economic Development Agencies

18.1.1. Background

Since the beginning of the 1990s, International Links and Services for Local Economic Development Agencies organization (ILS LEDA) has been supporting local and national institutions in establishing structures aimed at boosting their economies: the Local Economic Development Agencies (LEDAs).

Currently there are 60 LEDAs operating in the following countries: Albania (two), Bolivia (one), Bosnia Herzegovina (one), Colombia (twelve), Dominican Republic (six), Ecuador (five), El Salvador (six), Guatemala (five), Honduras (three), Lebanon (four), Mozambique (five), Nicaragua (three), Serbia (two), Senegal (two), Sri Lanka (one), Uruguay (two).

The Organization for Economic Co-operation and Development (Clark et al. 2010) ratified the definition of LEDAs, as given by ILS LEDA: "the Local Economic Development Agencies are legal, nonprofit structures, generally owned by the public and private entities of the territory, which act as a mechanism through which local actors plan and activate, in a shared way, initiatives for territorial economic development; identify the most convenient instruments for their realization; and enhance a coherent system for their technical and financial support" (ILS LEDA 2014).

Although LEDA concept has been imported from Europe, the ILS LEDA experience has significant difference (Canzanelli 2012) due to the specific contexts—mainly developing countries and marginalized rural areas—and institutional, organizational, and operational design assets.
Each of these LEDA follows its own strategic, organizational, and operational pattern, nevertheless they have in common some specific features, such as:

1. They are owned by public, private, and social local actors, according to a special Private-Public Partnership (PPP) model: a multi-stakeholders public-private partnership (Canzanelli 2013);
2. They work in accordance to an holistic model aimed at human development;
3. They provide a multilevel systemic support to local economic development, either creating a favorable environment for SMME, realizing strategic projects, supporting businesses directly and through their value chains, and realizing various initiatives useful to a sustainable and long-term development;
4. Their main customers are the local people, mainly the most disadvantaged ones, like micro- and small entrepreneurs, farmers, unemployed persons, jobless young people and women. It implies a specific management since the customers do not have resources for paying services;
5. They are self-sustainable, that is, they do not live of public subsidies, neither public captive market. Their sustainability is possible thanks to a diversified source of finance, including membership, income from credit management, project financing, special community and solidarity services, contracts with territorial, national, and international organizations.

The LEDA, therefore, are a specific form of PPP, like those which European Union defines Institutionalized Public-Private Partnerships (IPPP), in its green paper for distinguishing them from the traditional contractual ones (Commission of the European Communities 2004).

They constitute a multi-stakeholders PPP, because their members are local administrations, national government decentralized entities, associations of producers, associations of civil society, of local communities, of small business and farmers, cooperatives, NGO’s, social and environmental local networks, universities, training centers, and financial institutions.

Moreover, (Canzanelli 2013) their members take joint decisions about the strategies and the actions for boosting and supporting local economies.

Today the social capital of all the LEDA promoted by ILS LEDA embraces globally around 1,400 institutions, which represent the agencies’ members. The 59 LEDAs provides services to about 54 million inhabitants.

18.1.2. How a LEDA Works in Practice

Once the local actors have defined the LEDA objectives and the priorities, the agency operates according to the following general scheme:

1. The local actors-members of the LEDA define its strategic and annual operational plan, in accordance to the statutory mandate, needs, and opportunities. Generally the LEDA’s strategic plan follows the territorial development plans endorsed by the local administrations (which are always members of the LEDA) and provides instruments for its execution.
2. The members decide as well the priority customers of the LEDAs, in terms of population, local administrations, enterprises, and local organizations.

3. By matching the previous two elements, the LEDA organizes the support, either directly or through the members, and also through external entities; this support generally refers to services, projects, initiatives (see Figure 18.1).

4. Generally (and it is recommended) the LEDAs integrates financial and non-financial support, through different schemes, the main ones being a) the establishment of the Guarantee Fund, and b) the establishment of own financial institution.

5. The LEDA searches autonomously the financial inputs for its activity, according to two major rules:
   (a) services are not charged to customers (it would produce an unbalance toward the richest part of the population); and
   (b) independence from one only source of finance (it would increase risk of failure).

18.1.3. What Is the Impact of a LEDA

The main results of the LEDAs consist in their territorial and national impact.

At territorial level the LEDAs have promoted and facilitated the creation and the empowerment of micro, small, and medium enterprises (MSMEs), especially if gathered in competitive value chains, thanks to their comprehensive service system. The impact is measured mainly in terms of job created and maintained, number of businesses, and signed contracts.

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<tr>
<th>SERVICES</th>
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<th>PROJECTS</th>
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<td>Fairs</td>
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<td>Access to Finance</td>
<td>Events</td>
<td>Laboratories for Innovation</td>
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<td>Capacity Building</td>
<td>Educational Campaigns</td>
<td>Laboratories for Quality Control</td>
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<td>Support to Women and Young People</td>
<td>Campaigns for Cohesion</td>
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<td>Innovation</td>
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<td>Support to Public Administration</td>
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**Figure 18.1** The LEDA activities.

*Source: Authors.*
According to the data provided by the ILS LEDA iQual\textsuperscript{4} Program and the last survey on "LEDAs: from poverty to jobs," a sample of 17 LEDAs, the average annual job support (creation and/or maintenance) was of 135 jobs, the supported enterprises were 315 (on annual base), and the funds channeled through projects for an amount of US$1,427,000.

Furthermore, they became a solid reference for the local actors and mainly local administrations for either supporting strategic plans, and for implementing them. The impact is measured in terms of agreements and contracts for executing plans and programs.

Finally, they are now also a reference for national government either for executing national programs and initiatives or for supporting the elaboration of regulatory frameworks and/or public policy for local economic development. The impact is measured in terms of national executions and regulations established.

Example of LEDAs operations and impact will be provided in the following paragraphs with regard to the abovementioned main working issues:

- Financial-nonfinancial services comprehensiveness: the LEDAs of Morazán (El Salvador) and Teuleda (Albania);
- Strategic implementation: the LEDAs of Nariño (Colombia), and REDASP (Serbia);
- Implementation of public policies: Senegal.

18.2. Financial-Non Financial Services

18.2.1. The Morazán LEDA Financial Institution

18.2.1.1. Description

The LEDA of Morazán department in El Salvador, established in 1993 in San Francisco Gotera municipality, has demonstrated a strong impact on territorial development from an employment, social, and economic point of view. The LEDA is playing a fundamental role in facilitating the definition and implementation of territorial development strategies of the department, with a view to competitive, equitable, and sustainable development, based on its potential and using a value chain approach.

Between 2003 and 2013, thanks to the cooperation of more than 25 national and international organizations (Ministry of Economy of El Salvador, Inter American Development Bank, European Union, United Nations Development Program, etc.), the LEDA has executed more than 60 projects, for an amount of approximately US$10 million, creating more than 2,000 new employment, 250 microenterprises and improving 2,200 small business; between 2008 and 2013, 6,400 people (2,400 women) were trained; the creation of cooperatives benefited 1,200 farmers; furthermore, the LEDA has founded an agro-industry enterprise of dairy products together with almost 200 small local producers (Morazán 2014).
The LEDA of Morazán has been characterized as a pioneer in Central America in providing comprehensive services for the enterprises of the women in its department. To this end, the LEDA implements the Service Centers for the Entrepreneurial Endeavors of Women (CSEM), a territorial structure that provides technical and financial services to strengthen women's entrepreneurship contributing to the creation of jobs and income, supporting the revitalization of local economies.

The outstanding results achieved by the LEDA of Morazán, have increasingly led the organization to have a strong influence on both the local and the national dimension. At the local level, the LEDA is facilitating a wide Public-Private Partnership between all the municipalities and the departmental government of Morazán together with more than 30 organizations representing civil society and the cooperative sector. Moreover, the LEDA has pushed the University of El Salvador to create a local branch of the National Institute of Applied Science and Technology in Morazán department.

At the national level, the LEDA of Morazán is having a significant impact becoming partner of the government to implement its policies for micro and small enterprises both in the territory of Morazán, implementing the Centre for Development of Micro and Small Enterprises (CDMYPE), and also representing the Civil Society Organizations of the country at the National Commission for Micro and Small Enterprises. Moreover, at the national level, the LEDA has assisted the government and the ART Programme of the United Nations Development Programme to replicate the LEDA model as part of a government strategy for the development of marine coastal strip of the country. In this way, the LEDA has replaced the traditional international support actions.

The LEDA of Morazán has been visited by delegations of Guatemala, Honduras, Nicaragua, Mozambique, Colombia, and Bolivia, interested in learning its operational modalities, mechanisms of sustainability, and results.

18.2.1.2. The Financial Scheme

Since the start-up (1993) to 2000, the Morazán LEDA has been providing easy access to microcredit and credit to the most disadvantaged entrepreneurs (individual and cooperatives) mainly in the agro-food sector, through an agreement with a local financial institution.

The initial capital for the credit operations was approximately US$200,000 granted by the United Nation PRODERE program. The Morazán LEDA managed this capital so successfully, that several other financial institutions (CABEI, IADB, etc.) relied additional capitals for own programs supporting poor people in the department.

The LEDA of Morazán, seeking better strategies for its sustainability and for investing its surplus in the development of the territory, decided in 2000 to wean the credit program and create the microfinancial institution: "Sociedad Cooperativa de Ahorro y Crédito AMC de R.L." (AMC).

AMC, which contributes almost to 80 percent of the sustainability of the LEDA, currently has 20 national and international funding partners, with 160 employees and 17 branches throughout the country. AMC manages a loan portfolio of US$19 million, with 15,000 customers of which 63 percent are women.
Its mission is to be a leading financial institution specialized in microfinance, with national and international coverage, having strategic shareholders committed to the sector, highly qualified staff, advanced technology, a wide range of financial services, which allows to cater primarily to customers in urban and rural areas. Part of its profits are used to develop social programs at the benefit of poor population, through its principal shareholder, the Morazán LEDA.

The main financial AMC financial products are:

- Capital investment (fixed assets or commercial places)
- Working capital
- Housing (improvement of residential housing, purchase of residential housing, acquisition of land for housing construction)
- Insurance (medical, life, debt, repatriation)
- Other (credits for consumption, remittances, deposits, saving, save or pay)

In 2005, the LEDA of Morazán created also the AMC-Honduras, involving as partner LEDA of Honduras “Valle,” which currently has 30 employees, a portfolio of US$3.5 million, and 3,000 customers, and in 2011, opened a branch of its financial structure in the United States. The first office was established in the state of Maryland and others ones are about to open in Washington DC and Virginia. AMC International provides financial services to the community of Salvadorans present in Maryland. A marketing network for commercializing product of the Morazán territory (agro-food, crafts, tourism) to the community of Salvadorans in the United States has been established through the LEDA.

The products offered by AMC International Corporation are geared to meet the needs of the Latino community through the provision of comprehensive financial services that allow easy access and low-cost financial services. These services include the following:

- Loans in the United States: to support business initiatives of the resident in the Latino community, personal loans, and the Latin development in general. Loans are awarded amounts from US$1,000 to US$10,000.
- Access to finance in El Salvador and Honduras: it relates to the Salvadoran and Honduran community resident in the metropolitan DC area financing options in their countries of origin. The amounts range from US$10,000 up to a maximum of US$80,000. Funds may be used to purchase new or used housing, construction or remodeling, lot or land purchase, or production activities.
- Remittances: for sending funds to Latin America through a range of remittance operators.

The added value of AMC consists in the connection with the LEDA itself. It, in fact, increases the economic and social impact because:

1. the credit is provided with priorities to those enterprises that are included in the strategic value chains as identified by the LEDA's board;
(2) the LEDAs provides complementary services to these entrepreneurs, such as strategic orientation, capacity building, technical and commercial assistance;
(3) the utilities are used for social projects and addressing social needs of the department, as defined by the LEDA board.

18.2.2. The Guarantee Fund of Teuleda (Albania)

18.2.2.1. Description

Teuleda is a nonprofit foundation, established in 2002. It aims to contribute defining and implementing region of Shkodra economic development. Within this framework, Teuleda specific objective is to identify, analyze, and implement initiatives for promoting and supporting economic activities and creating employment opportunities, within an approach that combines poverty reduction and comprehensive and sustainable development (LEDA of Shkodra 2014).

Founder members are Prefecture of Shkodra; Region of Shkodra; University “Luigi Gurakuqi” of Shkodra; Municipalities of Shkodra, Koplik, Puka, Fush Arrëz; the Regional Labour Office of Shkodra; the Chamber of Commerce of Shkodra; the Confederation of Syndicates; the Directorate of Agriculture, Food and Consumer Protection; the Albanian Foundation for Training and Development (AFTD); the Association Women of Shkodra, and the NGOs: “Refleksione” of Shkodra, “A.R.F.A.” of Fushë—Arrëz, Eco—Forest Association of Pukë, “Alb-druri” of Fushë—Arrëz, Centre for the Transference of the Technologies.

Teuleda carries out development studies, contributes to the regional strategic planning, stimulates and organizes the farmers and the micro- and small entrepreneurs, provides them technical, financial, commercial assistance, and links with foreign entrepreneurs, assists migrants to come back to the region, and organizes territorial marketing.

These activities are funded by incomes generated by the Guarantee Fund and projects that Teuleda is able to implement, thanks to the strength of its membership and its technical capacity.

18.2.2.2. The Guarantee Fund

The Guarantee Fund (GF) is capital that was provided to Teuleda by a United Nation Program PASARP in 2003, to cover guarantee to credit proposals of non-bankable actors (enterprises, start-ups, and cooperatives) of the regions of Shkodra (Albania).

This capital was managed through an agreement between UNOPS (the UN Program executing agency), the private Albanian bank “Credins Bank,” and the LEDA.

The purpose of this agreement was to establish a mechanism for channeling funds to MSMEs, identified by the LEDAs, and provide them with access to the local banking system.
The agreement establishes:

- The UNOPS contribution in the GF is used as collateral to loans issued by the Credins Bank to clients with the purpose of financing enterprise development projects approved by the LEDAs and submitted to the Credit Committee (constituted by UNOPS and the bank, and the participation of Teulesa, without right of vote), which assign the guarantee.
- The financial resources of the GF are subsidiary and complementary to collaterals presented by the clients. The Credins Bank agrees that the GF shall serve to cover the risk of default that can be expected from a credit portfolio.
- The bank provides a total amount of credit like three times the amount of the available GF.
- Each loan financed by the Credins Bank, with a decision of the Committee, shall be covered by the GF for a maximum amount of 84 percent (which represents a coverage of 70 percent of the credit risk in accordance with the regulations set by the central bank) and the remaining part by the client (in accordance with the type of collateral offered by the client following regulations set by the Central Bank of Albania).
- The GF yields an interest at current market rate.
- Interests and other incomes generated by the GF are credited by the Credins Bank on a special savings account and transferred the LEDA for compensating its work before and after the credit.
- The conditions in terms of amounts (minimum of US$3,000 and maximum of US$150,000 per enterprise/loan), interest rates, and guarantees are determined by the Credins Bank, taking into account the sector of economy, the profile of beneficiaries, and their social vulnerability status.
- The period of the loan is a maximum seven years.
- Conditions on reimbursement and grace period are established by the Credins Bank, in accordance with the monetary standards of the Central Bank of Albania.
- The net interest income from credit is divided 50/50 between the GF and Credins Bank. The 50 percent accredited to the GF is transferred to Teulesa.
- The beneficiaries are new and existing small farmers, associations, and cooperatives, and MSMEs of the region of Shkodra.
- LEDA provides technical assistance to interested beneficiaries: first, in reviewing business ideas; second, in assisting eligible candidates in the preparation of a business plan, in submission of a loan application, providing tutorship in the investment management; and finally accompanying Credins Bank in the repayment process.
- At the end of the program the ownership of the GF is transferred to Teulesa.

The following picture shows the operational mechanism. The added value of the LEDA consists in its comprehensive MSMEs support and in being consistent with the strategic territorial development plans (Figure 18.2).
The services Teuleda provides are, in fact.

1. information and stimulation on the best investment opportunities, according to the strategic priorities, established in the regional development plan; the regional development plan has been endorsed by the regional government, and Teuleda is an important stakeholder for its elaboration.
2. information and stimulation about opportunities of joint ventures with foreign enterprises;
3. support to the elaboration of the business plan for accessing to the GF credit line;
4. tutoring the entrepreneurs after the investment realized with the credit;
5. supporting commercialization, through territorial marketing initiatives, of which participation to fairs and organization of local fairs have particular importance. A regional brand is under construction;
6. supporting local and national institutions for establishing sound environment and plans for business growth.

According to the abovementioned mechanism Teuleda has provided loans for a total amount of US$810,000 to 29 enterprises, in the period 2004 to 2007. The return rate was 100 percent, and it allowed maintaining or creating 150 jobs. In the same period almost 150 enterprises were assisted, and it allowed maintaining or creating 300 jobs. Furthermore 200 people were trained for improving their position on the labor market.

Same annual trends were evidenced so far, with a number of five to seven enterprises funded through the GF every year, credit for US$120,000–180,000 provided, and around 100–150 annual jobs created and/or maintained.
18.3. Strategic Implementation

18.3.1. Nariño LEDA (Colombia)

18.3.1.1. Description

Nariño is a department of Colombia, with a wide range of differential geo-morphological, agricultural, and cultural resources that express the richness and the competitive advantage of the region.

The Local Development Agency of Nariño (Nariño 2014) plays a fundamental role in the valorization of these opportunities, in building the territorial personality, fostering shared strategies for sustainable development.

It is a nonprofit public-private structure whose members are the provincial government, the municipalities of Pasto, la Unión, Samaniego, Florida, and Corponariño, the Pasto Chamber of Commerce, the Ngos Fenalco, Acopi, Contacar, Êmas, the universities of Mariana, Cooperativa, Nariño; the Pasto bishopric, the communitarian foundations Fundación Social, Fundación Emssanar, and Fundación Urdimbre; the business incubator of Nariño.

Its aim is to promote and sustain the department development in the framework of the participatory territorial planning, which involves the public and private sectors of the department.

At this aim the LEDA counts on strong social interinstitutional public and private partnership for promoting entrepreneurship, employment, and local and regional competitiveness, valorizing the territorial potentialities, vocations and capabilities, and facing global scenarios.

The LEDA provides the following main services:

- territorial marketing: for territorial promotion, twinning, and international partnerships, competitive positioning, and international trade development;
- information: about the opportunities provided by the regional value chains, social and economic studies, territorial development plans, productive and trade information;
- economic animation: that seek to insert the vulnerable people into the economic activities of the region;
- support to planning: favoring networks and partnerships, improving PPP governance, realizing studies and feasibility plans, raising funds, formulating plans and projects, activating training programs;
- support to businesses: mainly to small and medium enterprises, social enterprises and cooperatives, organizing also the capacity building (technical, managerial, entrepreneurial).

18.3.1.2. Strategic Implementation Activity

The LEDA of Nariño is a recognized structure either for coordinating and leading strategic plans at the municipal and departmental level, or executing them partially or totally, and facilitating the coordination of the various actions and projects.
The strategic planning approach is focused on the valorization of the endogenous territorial resources of which the main ones are:

- Tourism, with more than 300 attractions, its historic and religious patrimony, being a crossroad of the Andean, Amazonian, and Pacific cultures, and kindness and hospitality of the people.
- Agro-food, being the department the most important food dispense of Colombia, with priority to the coffee, potatoes, and milk value chains.
- Cross-border commerce, due to its geographic position.

The LEDA raises funds for financing the plans’ actions and projects, or for the needed expertise, and carries on feasibility studies. As result of its efforts the LEDA of Nariño is now-a-day reference and partner of several national and departmental institution for the implementation of their activities, through agreements and contracts with several institutions, such as:

- The Departmental Government, for formulating the “Ethno-Development Plan” for the Pacific Coast of Nariño; formulating and executing the “Peace and Development Program” on the southern border of Colombia, to potentiate and support projects in the municipalities of Tumaco, Ricaurte, Cumbal, Ipiales, and Cuasipud—Carlosama; formulating the “Participatory Annual Plan for Education”; providing support for job creation for the vulnerable population; formulating irrigation district projects for rural populations of Nariño.
- Servicio Nacional de Aprendizaje (SENA), the national institute for apprenticeship, for realizing a Diplomat on Tourism Managers of the Nariño department.
- The Municipality of Pasto for strengthening productive and business projects and supporting their marketing.

In 2014, the LEDA of Nariño won a bid for the execution of the AECID (Spanish Cooperation) Project “DIRENA” thanks to the reliability of the LEDAs in favoring the interinstitutional dialogue and partnership. In fact, the proposal was based on an agreement signed by the main institutions of the territory (Government of Nariño, Pasto and Tumaco mayors, the LEDA, universities, the Chamber of Commerce and the National Apprenticeship Service of Pasto-SENA Nariño).

The “DIRENA” project aims at contributing to generate alternative development options to overcome the conditions of conflict and humanitarian crisis in Nariño, with perspective of social inclusion and equity.

18.3.2. LEDA REDASP (Sumadija—Pomeravija—Serbia)

18.3.2.1. Description

The Regional Economic Development Agency for Šumadija and Pomoravije Ltd, (REDASP, 2014) was founded in 2005 through the transformation of the regional agency for small and medium enterprises, “Šumadija”; this regional agency was
established in 2002 within the project "The non-financial support to the SME sector in Serbia" financed by the European Union and the European Agency for Reconstruction (LEDA REDASP 2014).

REDASP represents a partnership of private, public, and NGO sectors of two districts: the districts of Šumadija and Pomoravlje. The members are the 11 municipalities: Arandelovac, Batočina, Kič, Lapovo, Rača, Topola, Despotovac, Paraćin, Rokovac, Svilajnac, and Ćuprija and the cities of Kragujevac and Jagodina; the Regional Chamber of Commerce Kragujevac; the Association of Private Entrepreneurs "Šumadija"; the General Union of entrepreneurs "Sloka"; and the NGO "The heritage and future Arandelovac1859."

The mission of the regional agency is to create conditions for sustainable socio-economic development of Šumadija and Pomoravlje by building instruments of regional and local economic development and stable network of key actors like the Serbian government, local authorities, the regional Chamber of Commerce, the National Employment Service, associations of entrepreneurs, universities, financial institutions, donors, NGO sectors, local media, service providers, and others.

Ministry of Economy and Regional Development, Ministry of Agriculture, Forestry and Water Management, the National Employment Office had agreements with REDASP for implementing their program.

Also, the international cooperation selected REDASP for the execution of many cooperation programs: the European Delegation in Belgrade, the European Agency for Reconstruction, UNDP, USAID, the Southern Region of the Czech Republic, the Kingdom of Norway and the Netherlands, and the Republic of Italy.

The headquarters of the agency is in Kragujevac. REDASP is organized through six departments and currently employs fifteen people (see Figure 18.3).

18.3.2.2. Strategic Implementation Activity

REDASP is a key actor of the region in the elaboration and implementation of strategic plans. At this aim one of the five technical REDASP department is the "Territory Development Department" that is articulated in four areas of activities: strategic planning, infrastructure development, rural development, and management of the development fund (see Figure 18.3).

18.3.2.3. Strategic Planning Branch

The need for establishing this branch arose because of the Serbian candidature to join the European Union. One condition, in fact, was each self-government and state itself should have its strategy for sustainable development. The final objective is to develop a regional sustainable development strategy for Šumadija and Pomoravlje, for enhancing the quality of life on local and regional level.

Through a defined "umbrella document" for the region, this branch has the task of orientating regional and intermunicipal projects, with the main function of overcoming the fragmentation of micro-local initiatives and facilitating intermunicipality cooperation.

This unit also has the main role in the implementation and further evaluation of both local and regional strategic documents according to the requirements of
sustainable development. Currently, this office in coordination with the other REDASP offices is the main generator of project ideas and documents.

18.3.2.4. Rural Development Branch

This branch was created as an answer to the problems of inequalities between different regions of the same department. The office contributes solving problems in the field of agriculture, industry, employability, infrastructure, tourism, health care, education, and environmental protection.

In 2008 REDASP created the Regional Rural Center Kragujevac (RRC Kragujevac), through the project "Building the support system for rural development," initially financed by the Ministry of Agriculture, Forestry and Water Management. It enabled further support to the municipalities of Šumadija and Pomoravlje in the process of socioeconomic development, where rural development was one of the priorities.

A network of 12 district centers of RRC Kragujevac was created, and it is now operating; it includes Kragujevac, Jagodina, Arandelovac, Paraćin, Cuprija, Despotovac, Svilajnac, Topola, Rekovac, Rača, Baročina, and Lapovo. REDASP, through this network, implements programs and projects of the Ministry of Agriculture, Forestry and Water Management and other donors.

The Regional Rural Center Kragujevac provides information about strategies, programs, and regulations of the Ministry of Agriculture; stimulation of local initiatives to improve production and quality of life in rural areas; support for agricultural producers in preparation and implementation of rural development projects, as well as technical support for the application to funds of Ministry Agriculture.

One of the crucial activities is organizing training of rural population in various fields with the final aim of promoting their products. Promotion of rural capacities and traditional values of the region Šumadija and Pomoravlje is another important activity that Regional Rural Center Kragujevac carries out through organizing various fairs and rural manifestations.
18.3.2.5. Infrastructure Development Branch

The office for infrastructure development was formed in 2009 with the purpose to provide effective and efficient implementation of infrastructural projects and projects mainly in the field of environment protection.

The Infrastructure Development Unit has realized the following activities:

- Strategic planning document of regional infrastructure development for Šumadija and Pomoravlje.
- Identification, gathering, and processing data concerning brownfield locations of Šumadija and Pomoravlje.
- Activities related to development of "The spatial plan of the republic of Serbia" through the initial creation of the "Regional Spatial Plan for the administrative regions of Šumadija, Pomoravlje, Raška, and Rasina."
- Activities related to the development of Territorial Information System based on GIS software solutions (training, data gathering, and processing, creating a base of investment locations).
- Industrial zones: Identification, gathering, and processing the data about existing and planned industrial zones on the territory of Šumadija and Pomoravlje.
- Support for the municipalities in filling SLAP database (training of municipal SLAP coordinators).

Within the abovementioned strategic framework and through the interaction between all the REDASP departments, other activities and services are performed. The SME development department and the Human Resource department have particular importance for the REDASP performance.

18.3.2.6. SME Development Department

Through its activities, the department for SME development contributes to the promotion of entrepreneurship and accomplishing defined strategic objectives, such as:

- Development of financial instruments for support of SME;
- Joining national entrepreneurship development programs;
- Development of entrepreneurship infrastructure;
- Monitoring the sector;
- Joining international programs that serve to support entrepreneurship development;
- Promotion and development of entrepreneurship.

18.3.2.7. Human Resources Development Department

The Department for Human Resources Development carries on activities focused on specific groups of clients with the purpose to stimulate them toward exploiting new job opportunities in the department, and improve their knowledge and skills.
The objectives of the Department for Human Resources Development are:

- Creating favorable environment for new jobs, through providing support at institutional and entrepreneurial level.
- Support to acquiring new knowledge and skills in the field of new technologies also introducing lifelong learning principle.
- Creating partnerships in the region in the field of human resources development, through identifying regional projects that contribute to human resources development, integration of endangered groups, and equal approach for everyone.

18.4. Public Policies for LEDAs: The Senegal Case

18.4.1. Background

The period 2000–2011 was characterized in Senegal by inadequate economic performance to reduce poverty (Republic of Senegal 2012). The GDP growth rate was an annual average of 3.9 percent, a ratio slightly higher than the population growth rate (2.6%). Indeed, the incidence of poverty in Senegal has only slightly decreased to 46.7 percent in 2011 against 48.3 percent in 2005, and poverty reduction is even lower in rural areas with declining less than 1 percent (70% in 2005 to 69.3% in 2011).

Following democratic change in March 2012 and given the particularly difficult socioeconomic context marked by a pressing social demand, the new authorities launched the National Strategy for Economic and Social Development (SNDES 2013–2017), part of a “a long-term vision based on the finality of “emergence in intra and inter-generational solidarity:” “Emergence in solidarity reconciles responsibility and freedom, efficiency and justice and finally, the economic and the social aspects” (Republic of Senegal 2012).

The pillars of the above mentioned strategy are:

- structural transformation of the economy and growth;
- human capital, social protection, and sustainable development;
- governance, institutions, peace, and security.

In the same order of priority, the government aims at promoting the contribution of the private sector through massive investment, including advanced models of Public-Private Partnership (PPP).

18.4.2. The Policy

The main axes of the strategy are:

- an integrated and innovative strategy, able to provide an effective response to the fragmentation of traditional interventions;
- a democratic and participatory governance process, for facilitating and prioritizing strategic interventions;
- the deconcentration and democratic decentralization for favoring inclusive and sustainable local development, consistent with the struggle against poverty, gender equality, and women's empowerment;
- the reduction of poverty, vulnerability, and social exclusion through a comprehensive, integrated, and decentralized social welfare and socioeconomic empowerment of vulnerable groups, including women, youth, and families in the framework of local economic development.

In this framework, Senegal experimented new models for implementing national strategies and reducing poverty, through the PIDES international cooperation program (2014) funded by the Italian cooperation. PIDES realized two Integrated Centre for the Socio-Economic Development (CIDES in French) in the regions of Kaolack and in Pikine, a peripheral area of Dakar.

The CIDES are public private associations with the aim of favoring the dialogue and the concertation of the local actors, and implementing the national policy for combating poverty in an efficient and effective way, through the articulation with the existing services.

According to the Ministry of Women, Family and Childhood of Senegal, which is in charge of the program for the fight against poverty, they constitute the appropriate formula for making the Emergent Senegal Plan operational, and they have planned to establish themselves in each territory, with the support of the national government, according to budget availability.

The government already requested the Italian Cooperation of helping financing three more CIDES in the country.

The CIDES can play a catalytic role in the national and international contexts, since it can assure coherence and harmonization of the various interventions at territorial level. Moreover, they are a tool of dialogue, cohesion, and participatory democracy, because it can easily build relationships with numerous internal and external partners.

The CIDES are nonprofit, public-private structures. According to the national government vision, they shall support youth, women and families to improve their

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**Box 18.1 Objectives of Cides of Kaolack**

The Objective of the CIDES of KAOLACK

"Equitable human development based on a sustainable local economy sustained by the promotion of key value chains, the inclusive participation, and the multifaceted support of the economic and social actors in the region of Kaolack."
Box 18.2 Objectives of Cides of Pikine

The Objective of the CIDES of PIKINE

"Valorise the local potential through the pooling of resources of various stakeholders in order to improve the empowerment of vulnerable populations, especially youth and women, in the perspective of sustainable development."

socio-economic conditions. It is carried on through the definition of strategic lines of intervention to boost the local economy, and the provision of comprehensive services.

Members of CIDES shall generally be local actors operating in a given territory, such as community associations, trade unions, producer organizations, business associations, service centers, local authorities, decentralized services of the state, specialized government agencies, vocational training institutions, financial institutions, universities, etc.

The CIDES will be planned to be sustainable, and they will have in charge the following functions:

- Economic and territorial animation.
- Support to planning, and execution of plans, mainly related to the development of territorial economic potential.
- Empowerment of women, youth, and families.
- Access to finance.
- Access to basic social services.
- Promotion, support, and dissemination of innovation.

The organizational chart is like in the following pictures, where the specific services are the result of need and opportunity analysis made in each territory. The chart in the picture is just an example (Figure 18.4).

The sustainability of CIDES will be ensured by the government support to the start up, through a process of transferring responsibilities to key local actors, through mechanisms and procedures for joint management, a plan of capacity building, a guarantee fund mechanism, and a system of monitoring and evaluation.

The long term sustainability will be assured by the consolidated capacity of raising funds, executing national programs, managing financial schemes, the membership fees, and the provision of special services.

A solidarity fund may be constituted within CIDES to support social services that rely heavily on external funding, such as centers against violence against women, social and community youth centers, and promotion of the rights of women.
18.5. Conclusions

The Local Economic Development Agencies (LEDAs) promoted in the framework of the ILS LEDA network in twenty countries represent a specific case of public private partnership, of which public administrations and entities, private and social sectors are owners, and they sit together in the management board. Decisions are made on a one representative-one vote basis. They are nonprofit companies and deliver an important and diversified set of services with the aim of promoting and supporting local economic development in medium- and long-term processes.

Their activities generally include:

- Support to territorial planning and implementation of correspondent actions and projects,
- Territorial animation, 
- Business financial and nonfinancial support, 
- Social inclusion, and 
- Territorial marketing initiatives.

In many cases the LEDAs turned out to be a reference for regional, national, and international institutions for the implementation of their programs and projects.
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thanks to their catalytic role, the capacity of harmonization and coordination of the most important public and private actors in the area, and the technical ability and experience.

Five cases of LEDAs were introduced in this chapter, each one highlighting specific aspects of a LEDA functions, such as business support (Morazán in El Salvador and Teuleda in Albania), support to territorial planning (Nariño in Colombia and REDASP in Serbia), and reference to national policies (Senegal).

Although the cases were concentrated on specific aspects, they have underlined their effectiveness, and their impact is due to the comprehensive approach generally used, which links business support to the strategic development plans priorities, economic results to social and environmental impact, and local opportunities to national and international initiatives.

The LEDAs of Nariño and REDASP are a recognized structure either for coordinating and leading strategic plans at the municipal and departmental level or executing them partially or totally and facilitating the coordination of the various actions and projects, focused on the valorization of the endogenous territorial resources.

The added value of the LEDA of Morazán and Teuleda consists in their comprehensive micro- and small enterprises support and in the consistency with the strategic territorial development plans.

The advantage of the LEDA of Morazán is reinvesting the financial utility in social projects, whether both are playing an important role with respect to migrants.

In Senegal the LEDAs (here named CIDES) have been the instruments of the national government for implementing its policy for fighting against poverty and for gender equality.

Public Private Partnership has been the key factors for the LEDA’s success.

International evidence shows (OECD 2005; Clark et al. 2010; Albuquerque and Dini 2008; World Bank 2014; Canzanelle 2001 and 2010; Camilleri and Canzanelle 2011; Eurada 1999;) Public-Private Partnerships enable the LEDA addressing either the public interest and the private needs, and using both leverages in a synergistic outcome.

Risks of public-owned LEDAs, in fact, have been bureaucratic administration versus the necessary managerial flexibility, dependence on political powers more than territorial development needs, weakness in including all the local actors (Urueña Gutiérrez 2006; The TaxPayers’Alliance 2010).

Privately owned LEDAs (the minority, indeed) risks are, on the contrary, the prevalence of private interest on the public welfare and the distance from the territorial plans framework.

A public and private sector organizational model, like the one used by the above-mentioned LEDAs, allows influence in the reciprocal decision-making processes, commitment, more effective cross-monitoring and control, focusing, and adding value to the territorial development initiatives.

It is neither a linear nor an easy process, and not with the same rhythm or results for all the LEDAs. Nevertheless PPP has represented the LEDAs’ main success factor, in terms of socioeconomic impact and sustainability, as in the cases reported in this chapter and many others.
Notes

1. For learning more www.ilsleda.org.
2. The majority of these LEDAs started up in the framework of United Nations program, and then they maintained this target.
3. Obviously this is a general scheme, each LEDA utilizing its own specific tools and generating its own performance.
5. In Spanish, "Centro de Servicios para los Emprendimientos de las Mujeres (CSEM)."
6. In Spanish, "Programa ART (Articulacion de Redes Tematicas y Territoriales para el Desarrollo Humano)."

References